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SUBJECT: FRENCH LOWER HOUSE VOTES TO LEGALIZE PEER-TO-PEER
DOWNLOADING ON THE INTERNET; GOF VOWS TO FIGHT

1. (SBU) SUMMARY. In a vote that surprised the Government, France's lower house, empty on the eve of the holiday season, voted 29-28 late Dec 21 in favor of amendments that would legalize peer-to-peer downloading on the Internet. To the dismay of French and U.S. industry as well as mainstream legislators on both sides, a number of pro-Government MPs from the government party in the Chamber of Deputies voted for the amendments along with leftist parties, who see this as a vote-getter with younger voters. The amendments were part of the implementation of the EU Copyright Directive. President Chirac's adviser on media and education told DCM Dec 22 that they are clearly aware of the "terrible signal" this sends to both French and U.S. content industries. The GOF is scrambling to reverse the vote, either by a parliamentary procedure or when the Senate takes it up in a month. Embassy continues to monitor events, but at industry's request, will refrain from public statements on the subject. END SUMMARY

2. (U) In what the French news agency AFP called "a rare and possibly short-lived victory" for millions of French Internet users who download music and movies, France's lower house of parliament voted 29 votes to 28 in a nearly empty chamber late December 21 to legalize peer-to-peer file-sharing. Two amendments to a government bill implementing the EU Copyright Directive provide that downloading copyrighted files could be legal as long as they would be for private use and the internet user was charged a fixed royalties duty. Such a fee could, for example, be added on to the monthly subscription charge for broadband Internet access at the cost of a few euros, supporters of the amendments said.

FRENCH BILL AIMED AT TOUGHER STANDARDS

3. (U) The bill implementing the EU Copyright Directive would actually provide tougher digital copyright protections than Brussels requires; in implementing a EU Directive, Member States are authorized to go beyond the basic tenets. (For example, France's media laws governing radio and television quotas go beyond the relevant EU directive.) The government, caught off guard by the vote, which was backed by 22 MPs from the ruling UMP party, has called for a second vote in the National Assembly on December 22. Under the GOF draft bill, anyone convicted of deliberately disabling the copy-protection on CDs, videogames, and DVDs could be fined 300,000 Euros (USD 360,000) and jailed for up to three years.

4. (U) The Government plan prompted consumer associations "Que Choisir" and "UFC" to put out a report that concludes that file sharing actually increases purchases of CDs and DVDs. Other "open Internet" activists delivered a 110,000 signature petition to the Culture Ministry, which had drafted the government bill. Groups representing companies in the French cinema and music industries, for their part, issued a joint statement decrying what they described as "the expropriation of authors' rights on the Internet" and calling for the government to step in. The statement was signed by the SFA-CGT entertainers' union, the USPA union for audiovisual production and the BLOC federation for cinema organizations, among others. (Interestingly, their statement notes that effective protections for copyright are an essential element of cultural diversity.)

GOF ASKS INDUSTRY TO REFRAIN FROM PUBLIC COMMENTS

5. (SBU) Industry contacts told us that they had been sought out by a GOF advisor close to Minister of Culture Donnedieu de Vabre, who pleaded that industry representatives or media companies not exacerbate their predicament by public statements from Europe or the United

States that decried the impact on the U.S. majors. The advisor, Marc Herubel (protect) made it clear that the GOF sees the situation with just as much concern for the French cinema sector and that all public comments needed to convey this message. Herubel reportedly also assured industry associations that the GOF was going to devote itself to correcting this potential disaster. One option was a parliamentary procedure that would require a revote. Finally, the whole package also still needs to go to the Senate, the upper house, currently expected in late January.

CHIRAC ADVISOR: "TERRIBLE SIGNAL" TO INDUSTRY

16. (SBU) DCM spoke with Alain Seban, President Chirac's newly-named Special Assistant for Education and Culture at the Elysee Palace. He said he was very appreciative of our (quiet) support. Seban acknowledged what a mess the vote was and said they were doing everything to get it reversed, but "it's not yet certain that we can do it".

17. (SBU) Seban described last night's vote as a misguided effort by MPs to garner favor with "the youth". He noted that, in the event they can't reverse this in the National Assembly, they will do so in the Senate, but that won't be for a month and in the meantime a "terrible signal" will have been sent to the industry. He repeated that he appreciated the call and noted that we have been working closely on these issues for several years now.

COMMENT

18. (SBU) COMMENT: Clearly mortified by the unexpected turn of events, the government is working to rectify the mistake. They are aware of the potentially devastating effect this bill could have on the global entertainment industry in France. French and U.S. industries are on the same page in this dispute - strongly against the establishment of any "open internet" downloading rights. But in urging U.S. industry not to be vocal, the GOF signals its awareness of the potential political downside of publicly defending the "U.S. majors" and private interests on the Internet at a time where the GOF is already defensive about being insensitive to alienated youths in the suburbs. END

COMMENT

STAPLETON